

DEPARTMENT OF DEFENSE DIRECTIVE

SUBJECT: Policy on Basic Research Grants and Title to Equipment Purchased Under Grants

Reference: (a) P.L. 85-934, "An Act to Authorize the Expenditure of Funds Through Grants for Support of Scientific Research and for Other Purposes", Approved, September 6, 1958
(b) DOD Directive 3210.1, "Policy on Basic Research"
(c) DOD Instruction _____, "Administration of Basic Research Grants"

I. AUTHORITY AND PURPOSE

Pursuant to reference (a), this directive

- A. establishes uniform DOD policy for (1) granting of funds to non-profit institutions or organizations to conduct basic research, and (2) vesting in the name of such institution or organization title to equipment purchased with such grant funds;
- B. delegates authority for carrying out the responsibilities of the Secretary of Defense under reference (a).

II. SCOPE AND APPLICABILITY

This directive applies to the military departments and agencies of the Department of Defense; it covers the expenditure of funds for grants for the purposes set forth in Section I above. Policy for the vesting of title to equipment purchased with contract funds is excluded from the scope hereof and will be subject to the Armed Services Procurement Regulation.

III. DEFINITIONS

As used herein .

- A. Grant means an award of funds included in a written agreement executed by a grantor agency of the Department of Defense through its contracting activities under the authority of reference (a).
- B. Grantor Agency means a military department or other agency within the Department of Defense which is authorized pursuant to Section VIII below to make grants in support of basic research.

- C. Basic Research means that type of research which is directed toward increase of knowledge in science. It is research where the primary aim of the investigator is a fuller knowledge or understanding of the subject under study.
- B. Educational or Other Non-profit Organization means any corporation, foundation, trust, or institution operated for educational or primarily scientific purposes, not organized for profit, no part of the net earnings of which inures to the profit of any private shareholder or individual.

IV. BACKGROUND AND OBJECTIVES

- A. As stated in reference (b), the Department of Defense is responsible for assuring that basic research necessary to the discharge of its statutory responsibilities is given adequate support.
- B. In the past, when the services of an educational or other non-profit organization were desired, the Department of Defense had been limited to the use of a research contract. P.L. 85-934 (ref. (a)) authorizes grants to these organizations for the purpose of supporting basic research and also gives to the Department of Defense discretionary authority to vest title to equipment purchased with grant funds in the institution or organization conducting the research.
- C. Increased flexibility in carrying out the responsibility of the Department of Defense under reference (b) will result from the use of the authority given in P.L. 85-934.

V. POLICY

- A. It is the policy of the Department of Defense to encourage the use of grants (in lieu of contracts) to educational or other non-profit organizations in support of basic research when it is determined that such action would further the objectives of the Department of Defense.
 - 1. Determination in favor of a grant in lieu of a contract shall be made only after full consideration is given to the nature of the proposed research, as well as the magnitude and extent of the support. In general, grants shall not be made for an initial period of more than five years. Such determination may depend on but is not restricted to the following factors:
 - a. Support of a broad area of science. It may be desirable that the grantee carry out investigations in a general area of science rather than be restricted to the solution of specific problems.

- b. Payment. It may be desirable that the grantee have the greater flexibility provided by the grant form of payment than by the contract form.
 - c. Simplicity and economy in execution and administration. It may be desirable that detailed supervision by the supporting agency as well as the need for periodic progress reports by the investigator be minimized. The factor of economy resulting from the elimination of accounting and auditing procedures applicable to research contracts should also be a consideration.
 - d. Cost-Sharing. It may be desirable that the Department of Defense support specific portions of the direct costs of a definite program of basic research, to which other agencies authorized to make grants and non-governmental groups are also contributing.
2. Title to all or any part of the equipment purchased with basic research grant funds may be vested in the organization or institution which has conducted, or will conduct, such research. This vesting of title may be effected in the grant agreement, and may be inclusive or specific. Prior to such vesting of title there must be a determination that such action furthers the objectives of the Department of Defense. This determination may be based on, but is not restricted to, factors such as these:
- a. Retention of title in the DOD creates an administrative burden not warranted by the value of the equipment.
 - b. Administration and keeping of records by the educational or other nonprofit organization would become prohibitively complicated or expensive.
 - c. The time and labor involved in redistributing or relocating particular equipment would exceed the value of so doing.
3. When a grant is used solely for the purpose of providing funds for a grantee institution to acquire equipment, such equipment must be intended for use in a definite research program, the costs of which (exclusive of equipment costs) are to be assumed by the grantee or other contributor interested in the research. In such cases suitable provision shall be made in the grant agreement for the Department of Defense to participate in the fruits of the research, such as technical reports and patent licenses.

- B. Research, development, test and evaluation-type appropriations of the Department of Defense shall be available for making grants in accordance with the policy as set forth in A. above.
- C. The services of the Armed Services Technical Information Agency will be available to Department of Defense grantee institutions in the same manner and according to the same procedures that these services are provided to Department of Defense contractors.

VI. GRANT AGREEMENTS

The grant agreement shall be brief in format, containing only those provisions necessary to protect the fundamental interest of the Government, including matters such as reserving to the Government an irrevocable, royalty-free, non-exclusive license for patentable inventions arising out of the research and providing for revocation of the grant if necessary after agreement between the grantee institution and the grantor. (A sample grant agreement is included in reference (c)).

VII. ADMINISTRATION OF GRANTS

- A. A grant will be considered as generally falling outside the scope of procurement regulations. However, in fixing the total amount of a grant before it is awarded, the applicable cost principles of parts 2 or 3, as appropriate, of section XV of the Armed Services Procurement Regulation will be used as a guide. Appendix C of the Regulation will also provide guidance in the handling of property supplied in connection with a grant, title to which is retained by the Government.
- B. In no case shall an indirect cost rate used for determining grant amounts exceed in equivalence the indirect cost rate which has been most recently determined under applicable procedures at the grantee institution for comparable research contracts of the Department of Defense.
- C. Except in the case of revocation, grant amounts as determined at the time of award will not be adjusted.
- D. In addition grantor agencies will use reference (c) as a guide in the detailed administration of grants pursuant to the policies set forth in this directive.

VIII. DELEGATION

The authority vested in the Secretary of Defense pursuant to Sections 1 and 2 of reference (a) is hereby delegated to the Secretaries of the Army, Navy, and Air Force and to the Director of Defense Research and Engineering. This authority may be redelegated to research activities whose responsibilities include the support of basic research at educational or other nonprofit institutions.

IX. REPORTING

Reporting pursuant to section 3 of reference (a) will be accomplished in accordance with a Department of Defense instruction issued by the Assistant Secretary of Defense (Comptroller).

X. IMPLEMENTATION

Within ninety (90) days after the effective date of this directive, the Director of Defense Research and Engineering will be provided with two copies of the implementing regulations promulgated by the Military Departments in execution of this policy.

XI. EFFECTIVE DATE

This directive is effective immediately.